

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 OES-07 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 DLOS-09 AGRE-00 AID-05 COME-00 EB-08
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 IO-13 ACDA-12 /144 W
-----019081 221612Z /45

R 220849Z JUN 78
FM AMEMBASSY BISSAU
TO SECSTATE WASHDC 1279
INFO AMEMBASSY CONAKRY
AMEMBASSY LISBON
AMEMBASSY MAPUTO
AMEMBASSY MOSCOW
AMEMBASSY DAKAR POUCH
AMEMBASSY PRAIA POUCH

C O N F I D E N T I A L BISSAU 0767

E.O. 11652: GDS
TAGS: EFIS, PU, UR
SUBJECT: GUINEA-BISSAU/SOVIET FISHERIES AGREEMENT: LATEST
DEVELOPMENTS

1. DETERIORATING GUINEA-BISSAU/SOVIET PARTNERSHIP IN
FISHING SECTOR MAY BE APPROACHING CRISIS, UNLESS
SOVIET UNION PREPARED TO BACK OFF AND SIGNIFICANTLY
MODIFY CONTRACTUAL RELATIONSHIP. RECENT GOGB CABINET
LEVEL ECONOMIC COMMITTEE WAS GIVEN NEW INFORMATION ON
ADVERSE ASPECTS OF SOVIET OPERATIONS BY PRESIDENT
CABRAL, REVIEWED HISTORY OF ALLEGED FAILURES OF SOVIETS
TO COMPLY WITH AGREEMENT, AND AGREED ON TOUGH LINE
TO BE TAKEN IN FUTURE.

2. GOGB COMPLAINTS WITH SOVIETS RAISED OR REVIEWED AT
ECONOMIC COMMITTEE MEETING HELD WEEK OF JUNE 12 ARE:
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A) SUPPLIES OF FISH TO LOCAL MARKET STILL SERIOUSLY
INADEQUATE, AND SUBJECT OF MUCH ADVERSE CRITICISM
BY LOCAL POPULATION.
B) AFTER FOUR YEARS OF OPERATIONS, NOT ONE GUINEA-
BISSAUAN HAS BEEN TRAINED OR INDEED EVEN WORKS ON
THE TEN SOVIET SUPPLIED FISHING SHIPS.
C) ALTHOUGH FIVE OF TEN SHIPS OPERATING IN JOINT-

OWNED COMPANY WERE GIFTS TO GOGB, SOVIETS INSIST ON DAILY OPERATING PAYMENT OF DOLS 1,500. (GOGB HAS NOT PAID THIS FEE IN TWO YEARS, SEE BELOW.) D) DESPITE JOINT NATURE OF OPERATION, FEES AND OTHER EXPENSES LEVIED ON GOGB HAS RESULTED IN NO RPT NO NET REUTRN TO GUINEA-BISSAU. E) NEWLY CALCULATED FIGURES BY GUINEA-BISSAU CENTRAL BANK SHOW THAT JOINT-OWNED COMPANY IS ASKING FOR PESOS 192 MILLION (U.S. DOLS 5 PLUS MILLION) WORTH OF FOREIGN EXCHANGE FOR SECOND HALF 1978 TO MEET OPERATING NEEDS, BUT WILL ONLY PROVIDE 72 MILLION (US DOL 2 MILLION) IN FOREIGN EXCHANGE EARNINGS TO GUINEA-BISSAU DURING SAME PERIOD F) EARLIER THIS YEAR, SOVIETS WITHDREW TO SOVIET UNION SEVEN OUT OF TEN SHIPS FOR REPAIRS. THIS MOVE COINCIDED WITH GOGB REQUEST FOR RENEGOTIATION OF CONTRACT, AND MANY GOGB OFFICIALS BELIEVE IT WAS ATTEMPT TO PRESSURE GOGB.

3. MANY GOGB OFFICIALS APPARENTLY CONTINUE TO SUSPECT THAT SOVIET MANNED FISHING SHIPS ARE COOKING BOOKS ON ACTUAL AMOUNT OF FISH CAUGHT, PROCESSED, AND SOLD ABROAD.

4. GOGB SENT SPECIAL MISSION TO MOSCOW EARLIER THIS YEAR TO RENEGOTIATE CONTRACT. NEW TERMS
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WORKED OUT AND NEW AGREEMENT WAS SIGNED LAST WEEK. ABSOLUTELY NO PUBLICITY WAS GIVEN TO SIGNING.

5. WE DO NOT HAVE ANY DETAILS ON NEW CONTRACT, EXCEPT FOR ONE IMPORTANT CHANGE. GOGB HAS INSISTED THAT SOVIETS DROP DAILY USE CHARGE ON SHIPS, TO BE REPLACED BY STRAIGHT PARTNERSHIP DEAL WITH NET RECEIPTS (AFTER DEDUCTING OPERATING COSTS) BEING SPLIT TWO WAYS. AGREEMENT APPARENTLY CALLS FOR PROCEDURES WHEREBY GOGB PARTNER CAN MONITOR OPERATING COSTS.

6. SOVIETS APPARENTLY HAVE AGREED TO DROP DAILY CHARGE, BUT ARE INSISTING THAT GOGB PAY IN HARD CURRENCY AMOUNT DUE FOR PAST TWO YEARS. GOGB IS PREPARED TO PAY UP, BUT IN GUINEAN PESOS. RELIABLE AND KNOWLEDGEABLE LOCAL SOURCE SAYS PRESIDENT AND REST OF GUINEA-BISSAU CABINET READY TO CANCEL WHOLE DEAL (DESPITE OBVIOUS POLITICAL IMPLICATIONS) UNLESS SOVIETS ACCEPT LOCAL CURRENCY PAYMENT AND SHOW THEMSELVES MORE REASONABLE IN FUTURE.
MARKS

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Disposition Approved on Date:
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Disposition History: n/a
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